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TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1887.

No. 376. 82

LEWIS E. WATERMAN, APPELLANT,

vs.

JAMES A. MacKENZIE AND SAMUEL R. MURPHY.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

FILED AUGUST 20, 1887.

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1 The President of the United States of America to James A.
[L. S.] Mackenzie & Samuel R. Murphy, Greeting:

You are hereby commanded that you and each of you personally appear before the judges of the circuit court of the United States of America for the southern district of New York, in the second circuit court, in equity, on the first Monday of June, A. D. 1886, wherever the said court shall then be, to answer a bill of complaint exhibited against you in the said court by Lewis E. Waterman, and do further and receive what the said court shall have considered in that behalf; and this you are not to omit under the penalty on you and each of you of two hundred and fifty dollars.

Witness Honorable Morrison R. Waite, Chief Justice of the Supreme Court of the United States, at the city of New York, on the 24th day of April, in the year one thousand eight hundred and eighty-seven, and of the Independence of the United States of America the one hundred and tenth.

TIMOTHY GRIFFITH, *Clerk.*

W. S. LOGAN, *Complainant's Sol'r.*

The defendants are required to enter appearance in the above cause in the clerk's office of this court on or before the first Monday of June, 1887, or the bill will be taken *pro confesso* against them.

T. G., *Clerk.*

2 I hereby certify that on the 24th day of April, 1886, at the city of New York, in my district, I personally served the within subpœna upon the within-named James A. Mackenzie and Samuel R. Murphy by exhibiting to each of them the within original and at the same time leaving with each of them a copy thereof.

Dated April 24, 1886.

M. T. McMAHON,
United States Marshal, Southern District of New York,
By GEO. H. HOLMES, *Deputy.*

[Endorsed:] U. S. Circuit Court. Filed April 28, 1886. Timothy Griffith, clerk.

3 Circuit Court of the United States for the Southern District of New York.

LEWIS E. WATERMAN, Complainant, *against* JAMES A. MACKENZIE and SAMUEL R. MURPHY, Defendants.	In Equity.

To the honorable the judges of the circuit court of the United States for the southern district of New York:

Lewis E. Waterman, of Brooklyn, New York, and a citizen of the State of New York, brings this his bill of complaint against James A. Mackenzie and Samuel R. Murphy, of New York city, New York, and citizens of the State of New York.

And thereupon your orator complains and says that heretofore and before the 19th day of September, 1883, your orator, a citizen of the United States and then of Brooklyn, New York, was the original and first inventor of a new and useful improvement in fountain pens, not known or used by others and not patented or described in any printed publications before his invention or discovery thereof and not in public use or on sale for more than two years prior to his application for letters patent therefor.

4 And your orator further shows unto your honors that he, being so as aforesaid the first and original inventor of said improvement, did on the 19th day of September, 1883, apply in due form to the Commissioner of Patents of the United States for letters patent of the United States therefor.

And your orator further shows unto your honors that, he having as aforesaid applied for letters patent of the United States for said improvement and having fully and in all respects complied with all the requirements of law in that behalf, letters patent for said improvement were duly issued to your orator by the United States, under the seal of the Patent Office, signed by the acting Secretary of the Interior and countersigned by the Commissioner of Patents, bearing date the 12th day of February, 1884, and numbered 293,545, whereby was granted and secured to your orator and his heirs and assigns, for the term of seventeen years from the date thereof, the full and exclusive right and liberty of making, using, and vending to others to be used, throughout the United States and the territories thereof, the said improvement in fountain pens, as by reference to said letters patent for said improvement, in court to be produced, will more fully and at large appear.

And your orator further shows that he is the sole and exclusive owner of said invention and the letters patent therefor and is in the full enjoyment of all the rights and privileges granted and secured or intended to be granted and secured thereby, and that said rights and privileges have been and are of great value to your orator, and your orator's rights and privileges in the premises have been generally acknowledged and acquiesced in by the public.

And your orator further shows unto your honors that the defendants herein, well knowing the premises and the rights secured to your orator as aforesaid, but contriving to injure your orator and to deprive him of the benefits and advantages which might and otherwise would accrue to him from said invention, and without the

5 license or allowance and against the will of your orator and in violation of your orator's rights, have made and used and allowed others to use, since February 12th, 1884, at the city, county, and State of New York and elsewhere, fountain pens embracing and containing said patented invention and improvement, all in violation of the rights secured to your orator as aforesaid and to his irreparable loss and injury, by which he has been and still is being deprived of great gains and profits which he might and otherwise would have obtained, but which have been received and are being received and enjoyed by the said defendants by and through their aforesaid unlawful acts and doings.

And your orator further shows unto your honors that the said defendants have derived and received and are still deriving and receiving from the aforesaid wrongful use of said invention large gains and profits, but what amount of such gains and profits have been so derived and received by said defendants your orator does not know and cannot set forth, but prays that said defendants may be required to make a discovery as to their use of said invention and of all gains and profits received by them therefrom or by means thereof.

And your orator further shows unto your honors that the said defendants have been warned and requested to desist and refrain from said infringement and said unlawful and wrongful acts, but that said warning and request and notice has been wholly disregarded by said defendants, and that said defendants still continue the infringement and unlawful and wrongful acts as aforesaid.

In consideration whereof and forasmuch as your orator can have no adequate relief except in this honorable court, to the end, therefore, that the said defendants may, if they can, show why your orator should not have the relief hereby prayed and may, upon their several and corporate oaths and according to the best and utmost of their several and respective knowledge, remembrance, information, and belief, full, true, direct, and perfect answers make to the premises and to all the several matters hereinbefore stated and charged as fully and particularly as if severally and separately interrogated as to each and every of said matters, and that they may be required to make discovery and disclosure of all gains and profits derived and received from such unlawful and wrongful manufacture, construction, use, or sale as aforesaid, and that they may be decreed to account for and with and pay over to your orator the profits by them acquired and the damages suffered by your orator from the aforesaid unlawful and wrongful acts—

6

And may it please your honors, the premises considered, to grant unto your orator the writ of injunction, issuing out of and under the seal of this honorable court, perpetually enjoining and restraining the said defendants and each of them, their and each of their agents, servants, workmen, employees, and attorneys, and each and every of them, from directly or indirectly making, using, selling, or offering for sale any fountain pens containing or embodying the said invention granted by said letters patent as aforesaid, and from infringing upon or violating the said letters patent by the use or sale of said fountain pens or said invention or improvement in any way whatsoever.

And may it please your honors, the premises considered, to grant unto your orator the writ of subpœna, issued out of and under the seal of this honorable court, to be directed to the above-named defendants, James A. Mackenzie and Samuel R. Murphy, and each of them, thereby commanding them and each of them, at a certain day and under a certain penalty therein to be limited, personally to be and appear before your honors in this honorable court and then and there full, true, and perfect answers make to all and singular the premises, and further to stand to, perform, and abide such fur-

ther order, direction, and decree therein as to your honors shall seem meet.

May it please your honors to grant to your orator a provisional or preliminary injunction, issuing out of and under the seal of this honorable court, enjoining and restraining the defendants, their attorneys, solicitors, clerks, servants, workmen, and agents, to
7 the same purport, tenor, and effect hereinbefore prayed for in regard to the said perpetual injunction.

And your orator will ever pray, &c.

LEWIS E. WATERMAN,
Complainant.

W. S. LOGAN,
Complainant's Solicitor, and of Counsel.

STATE OF NEW YORK,
City and County of New York,
Southern District of New York, } *ss:*

Lewis E. Waterman, being duly sworn, deposes and says that he is the complainant in the foregoing bill of complaint named, and has read the same and knows the contents thereof; that the said bill of complaint is true of his own knowledge, except as to the matters which are therein alleged to be stated on information and belief, and as to those matters he believes it to be true.

LEWIS E. WATERMAN.

Sworn to before me this 24th day of April, 1886.

GEORGE C. BRAINERD,
[L. S.] *Notary Public, Kings County, New York.*

Certificate filed in New York county.

Endorsed: U. S. circuit court for the southern district of New York. Lewis E. Waterman *vs.* James A. Mackenzie & Samuel R. Murphy. Bill of complaint. W. S. Logan, complainant's solicitor. U. S. circuit court. Filed Ap'l 24, 1886. Timothy Griffith, clerk.

8 Circuit Court of the United States for the Southern District of New York. In Equity.

LEWIS E. WATERMAN, Complainant,
vs.
JAMES A. MACKENZIE and SAMUEL R. MURPHY, Defendants.

The joint and several plea of James A. Mackenzie and Samuel R. Murphy, defendants, to the bill of complaint of Lewis E. Waterman, complainant.

These defendants, by protestation, not confessing or acknowledging all or any of the matters and things in the said complainant's bill of complaint mentioned and contained to be true in such sort, manner, and form as the same are therein set forth and alleged, for plea to the whole of the said plea say that said complainant was not at the time of the filing of the said bill of complaint possessed of either

the letters patent of the United States, No. 293,545, granted to him on the 12th day of February, 1884, and bearing that date, on which said letters patent said bill of complaint was brought, or an exclusive right under said letters patent to the whole or any specified part of the United States, for that the said complainant, after the granting of said letters patent to him and prior to the filing of the said bill of complaint, to wit, on the 13th day of February, 1884, by an instrument in writing bearing that date, and by him signed, sealed, and delivered, sold, assigned, transferred, and set over unto Sarah E. Waterman, of the city of Brooklyn, in the State of New York, the alleged invention described and specified in said
9 letters patent, and also the said letters patent and the entire interest in said alleged invention and letters patent, which instrument was duly recorded in the Patent Office of the United States on the 27th day of March, 1884; that thereafter, to wit, on the 25th day of November, 1884, the said Sarah E. Waterman, being possessed of the said alleged invention and letters patent and the entire interest in said alleged invention and letters patent, by an instrument in writing bearing that date and by her signed and delivered, sold, assigned, transferred, and set over unto the firm of Asa L. Shipman's Sons, of the city of New York, its successors and assigns, the said alleged invention and letters patent and the entire interest in said alleged invention and letters patent, which instrument was duly recorded in the said Patent Office on the 29th day of November, 1884; that after the execution of said last-named instrument, to wit, on the 25th day of November, 1884, the said firm of Asa L. Shipman's Sons, being possessed of the said alleged invention and letters patent and the entire interest in said alleged invention and letters patent, by an instrument in writing bearing that date and by it signed and delivered, sold, assigned, and transferred unto Asa L. Shipman, of the city of New York, the said alleged invention and letters patent and the entire interest in said alleged invention and letters patent, which instrument was duly recorded in the said Patent Office on the 29th day of November, 1884; and that the said Asa L. Shipman continued to be possessed of the said alleged invention and letters patent and the entire interest in said alleged invention and letters patent from the said 25th day of November, 1884, until and including the time of the filing of the said bill of complaint.

All of which matters and things these defendants do aver to be true, and do plead the same to the whole of said bill; and these defendants humbly pray the judgment of this honorable court whether they ought to be compelled to make any other or further answer
to the complainant's said bill, and humbly pray to be
10 hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

JAMES A. MACKENZIE.
SAM'L R. MURPHY.

PHILIP J. O'REILLY,
Solicitor and of Counsel for Defendants.

I certify that in my opinion the foregoing plea of James A. Mackenzie and Samuel R. Murphy, defendants, to the bill of complaint of Lewis E. Waterman, complainant, is well founded in point of law and proper to be filed in the above cause.

PHILIP J. O'REILLY,
Counsel for Defendants.

UNITED STATES OF AMERICA,
Southern District of New York,
State, City, and County of New York, } ss :

James A. Mackenzie and Samuel R. Murphy, the defendants above named, being severally duly sworn, each for himself deposes and says that he has read the foregoing plea to the bill of complaint of Lewis E. Waterman, the complainant in the above-entitled suit; that the same is not interposed for the purpose of delaying said suit or any proceeding therein, and that the said plea is true in point of fact.

JAMES A. MACKENZIE.
SAM'L R. MURPHY.

Subscribed and sworn to before me this 1st day of July, 1886.
THOMAS J. PHILLIPS,
[SEAL.] *Notary Public, Kings County.*

Certificate filed in New York county.

Endorsed: U. S. circuit court, southern dist. of New York. In equity. Lewis E. Waterman *vs.* James A. Mackenzie and Samuel R. Murphy. Plea. Philip J. O'Reilly, defend'ts' solicitor, 32 Park Place, New York city. U. S. circuit court. Filed July 3, 1886. Timothy Griffith, clerk.

11 Circuit Court of the United States for the Southern District of New York.

LEWIS E. WATERMAN, Complainant,
v.
JAMES A. MACKENZIE & SAMUEL R. MURPHY, Defendants. } In Equity.

The replication of Lewis E. Waterman, plaintiff, to the joint and several plea of James A. Mackenzie and Samuel R. Murphy, defendants.

The repliant, saving and reserving unto himself now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said plea, for replication thereunto says that he will
12 aver, maintain, and prove his said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said plea of the said defendants is uncertain, untrue, and insufficient to be replied unto by this repliant, without this, that any other matter or thing whatsoever in the said plea contained mate-

rial or effectual in the law to be replied unto and not herein and hereby well and sufficiently replied unto, confessed or avoided, traversed or denied, is true.

All which matters and things this repliant is and will be ready to aver, maintain, and prove, as this honorable court shall direct, and humbly pray as in and by his said bill he has already prayed.

13 W. S. LOGAN,
Complainant's Solicitor.

Endorsed: U. S. circuit court. Lewis E. Waterman, plaintiff, *v.* James A. Mackenzie and Samuel R. Murphy, defendants. Replication. W. S. Logan, att'y for complainant, 54 William street, New York city. U. S. circuit court. Filed July 8, 1886.

14 *Exhibits Offered.*

Circuit Court of the United States, Southern District of New York.
In Equity.

LEWIS E. WATERMAN, Complainant,
against
JAMES A. MACKENZIE and SAMUEL R. MURPHY, Defendants.

Proofs taken by the respective parties in the above-entitled suit, for hearing on the issue raised by the plea of the defendants therein, before me, George C. Brainerd, a notary public in and for the county of New York, in the State of New York.

NEW YORK, *September 15th*, 1886.

Present: W. S. Logan, counsel for complainant; Philip J. O'Reilly, counsel for defendants.

It is hereby stipulated and agreed that testimony on behalf of either party to the above-entitled suit may be taken before George C. Brainerd, a notary public in and for the county of New York, in the State of New York, with the same effect as if taken before one of the standing examiners of the court.

Dated September 15, 1886.

W. S. LOGAN,
Complainant's Solicitor.
PHILIP J. O'REILLY,
Defendants' Solicitor.

15 Counsel for defendants puts in evidence a certified copy from the records of the United States Patent Office of each of the following documents:

1. A conveyance from Lewis E. Waterman to Sarah E. Waterman on the 13th day of February, 1884, bearing that date and recorded on the 27th day of March, 1884. The same is marked Defendants' Exhibit No. 1.

2. A conveyance from Sarah E. Waterman to the firm of Asa L. Shipman's Sons on the 25th day of November, 1884, bearing that

date and recorded on the 29th day of November, 1884. The same is marked Defendants' Exhibit No. 2.

3. A conveyance from the firm of Asa L. Shipman's Sons to Asa L. Shipman on the 25th day of November, 1884, bearing that date and recorded on the 29th day of December, 1884. The same is marked Defendants' Exhibit No. 3.

Counsel for complainant admits that the bill of complaint in this suit was filed on the 24th day of April, 1886.

Counsel for complainant puts in evidence a license agreement dated November 20th, 1884. The same is marked "Complainant's Exhibit A."

Defendants' counsel objects to the introduction of the last-named alleged paper on the ground that its execution is not proved, and also as immaterial and irrelevant.

Counsel for complainant also puts in evidence a conveyance from Sarah E. Waterman to Lewis E. Waterman, dated April 16th, 1886, and recorded April 22d, 1886. The same is marked "Complainant's Exhibit B."

Objected to as immaterial and irrelevant.

16 Counsel for the complainant calls as a witness WALTER S. LOGAN, who, being duly sworn, deposes and testifies as follows:

I am well acquainted with Sarah E. Waterman and Lewis E. Waterman and have been for a long time past. I know the handwriting of both the said Sarah E. Waterman and the said Lewis E. Waterman. I have seen them write frequently. The signatures, Sarah E. Waterman and Lewis E. Waterman, to Complainant's Exhibit A are in the handwriting of the said Sarah E. Waterman and the said Lewis E. Waterman, respectively, and are their signatures.

Cross-examined by counsel for defendants:

1 X Q. Are you the counsel of said Lewis and Sarah Waterman?

A. I am the counsel of the said Lewis E. Waterman. I have been such counsel since the commencement of this action.

2 X Q. From whom did you obtain this paper, Exhibit A?

A. From Lewis E. Waterman. I first saw it something like a year ago, I think, in Mrs. Waterman's possession. I then had possession of it from time to time until, I think, some time in April last, since which time I have had exclusive possession of it. I know that it has been in my hands ever since the date of the acknowledgment upon it. The acknowledgment was taken before me as a notary public a short time before the commencement of the suit. I had seen the instrument and had possession of it several months before the date of the acknowledgment, and it was signed and executed before I ever saw it, in the same shape in which it is now, with the exception of the acknowledgment, which was subsequently put upon it.

3 X Q. Look at the last page of said instrument, and on the second line thereof, and state whether or not the figure 20 and the

word "November" and the figure 4 are in your handwriting.

17 A. My impression is that it is not. I have no recollection of writing it.

4 X Q. Do you know why this alleged paper has not been recorded?

A. I only know why I have not recorded it since I have had it; that was because I did not think it necessary.

5 X Q. Do you know what person drew this alleged paper?

A. I do not.

WALTER S. LOGAN.

Subscribed and sworn to before me this 15th day of September, 1886.

GEORGE C. BRAINERD,
Notary Public, New York County.

NEW YORK, *September* 29, 1886—2 p. m.

Present: Counsel for respective parties, as before.

Mrs. SARAH E. WATERMAN, a witness produced and sworn on behalf of the defendants, deposes and says as follows, in answer to interrogatories propounded to her by Philip J. O'Reilly, counsel for defendants:

1 Q. Are you the wife of Mr. Waterman, the complainant?

A. I am.

2 Q. It appears that you have been the owner of the patent on which this suit is brought. How many licenses, if any, have you granted under that patent?

A. None, only to my husband.

3 Q. How many have you granted to him?

A. I think there is only that one before the Shipman's.

18 4 Q. What do you mean by the expression "that one?"

A. Well, I mean the license that I gave Mr. Waterman in November, which is, I think, the only license on record.

5 Q. What do you mean by the expression "on record" in your last answer?

A. Any written agreement.

6 Q. Had you an unwritten agreement before that with your husband in the matter?

A. No, sir.

7 Q. When you became the owner of the patent in February, 1884, how did you work the patent, if at all?

A. Through my husband.

8 Q. In what way?

A. By manufacturing and selling the pens.

9 Q. How long did you continue to work the patent in this way?

A. Until the written agreement was signed.

10 Q. What were the terms of the written agreement?

Objected to on the ground that the writing speaks for itself.

A. He was to be sole licensee and manufacturer under the patent.

11 Q. And what were you to receive for giving him this right?

Same objection.

A. Royalty.

12 Q. How much royalty?

Same objection.

A. I decline to answer.

13 Q. Why do you decline to answer?

A. Well, I think that is a personal matter between myself and husband, and does not concern any other parties.

19 14 Q. Was any royalty paid you under the agreement?

A. There was.

15 Q. When first?

A. The agreement was made in November, and it was paid some time in December, I think.

16 Q. At whose instigation was the written agreement made?

Objected to as immaterial.

A. At Mr. Waterman's.

17 Q. Who drew the agreement up?

A. A lawyer, Mr. Edgecomb.

18 Q. When was the agreement drawn up by him, Mr. Edgecomb?

A. Well, I don't know the date. In November. He had it all ready when I went over for it.

19 Q. In what year was the November of which you speak?

A. In 1884, I think. I am not sure. I would not want to swear to dates anyhow.

20 Q. Did you sign the written agreement?

A. I did.

21 Q. In whose presence and where?

A. I think I signed it in Mr. Edgecomb's office. I could not tell in whose presence. My husband was there and Mr. Edgecomb and a set of clerks.

22 Q. After signing it what did you do with the written agreement?

A. I didn't do anything with it. Mr. Waterman kept it.

23 Q. Did your husband sign the paper also?

Objected to as the paper speaks for itself.

A. If it was necessary for him to sign it, I suppose he did so. If not, I suppose he did not. I suppose it was not necessary for him to sign it, inasmuch as I was giving him a license.

20 24 Q. Do you remember the general contents of the said agreement?

A. No; never committed it to memory.

25 Q. Before signing the written agreement had you given your husband a verbal license to make and sell under the patent?

A. It was so understood between ourselves.

26 Q. Would you now recognize the written agreement?

A. I could recognize my signature.

27 Q. Could you tell the date when you put your signature on it?
A. No.
28 Q. Please look at the paper marked "Complainant's Exhibit A" and state when you first read it.
A. I don't remember.
29 Q. Have you ever read it?
A. I read it at the time I signed it.
30 Q. When was that?
A. According to the date here in the paper, November 20, 1884.
31 Q. Will you and do you swear that you signed that paper on the 20th day of November, 1884?
A. I do, decidedly.
32 Q. How are you enabled to be so positive on the matter?
A. Because I never signed but this one.
33 Q. Is that the only reason?
A. I think that is sufficient.
34 Q. And it is the only reason you can give?
A. It is.
35 Q. How many copies of such written agreement did you sign?
A. Whatever was necessary to be signed.
36 Q. Were the first and second lines of the second page of the agreement the same on November 20, 1884, as they now are?
A. They were the same.
37 Q. How do you know that?
A. Because I saw it.
21 38 Q. Why did you not have the agreement recorded at Washington?
A. I left that to the lawyer to do just as he saw fit to do about it.
39 Q. What do you mean, in your answer to Q. 19, where you say you would not want to swear to dates?
A. Because I do not remember dates. They make no impression on me whatever. They make but a faint impression.
40 Q. In your conveyance of the patent to Asa L. Shipman's Sons you say that the patent is free from all incumbrance except a license to your husband to make and sell pens under the patent. Did you there mean the verbal license that was given before the written agreement?
A. I meant all the license that was ever given—that is, the written agreement. That covered all.
41 Q. What, then, did the firm of Asa L. Shipman's Sons get by your paper to them if your husband had theretofore the exclusive right to make and sell under the patent?

Objected to on the ground that it called for the witness' construction of the written agreement and not for a fact.

A. I did not give them anything. They had no authority to own the patent at all.
42 Q. Did the firm of Asa L. Shipman's Sons know of your written agreement with your husband at the time of your conveyance to said firm?

Objected to as immaterial.

A. I presume they did.

43 Q. Why do you so presume?

A. I suppose my husband explained everything to them.

22 Cross-examination by Mr. LOGAN, counsel for complainant:

44 X Q. Please look at Complainant's Exhibit A, now shown you, particularly at the signatures, and state whether you know the signatures.

A. I know those signatures; they are mine and my husband's.

45 X Q. Do you remember the occasion of your executing the paper already in evidence as Defendants' Exhibit No. 2, being the mortgage to the Shipmans?

A. I do not.

46 X Q. Was this license to your husband, Complainant's Exhibit A, executed before or after the Shipman mortgage, Defendants' Exhibit 2?

A. It was given before. I mean the written license was given first to Mr. Waterman and the mortgage afterwards to the Shipmans.

Redirect:

47 Q. About how long a time elapsed between the giving of the two papers?

A. I don't know. I think they were both in the same month. I cannot tell the number of days.

48 Q. What was the necessity of there being a written agreement between you and your husband in the matter?

Objected to as immaterial.

A. There was no special reason, except that we thought it was best to have it so.

49 Q. When did you next see the written agreement after your signing it?

A. I did not have it after I signed it.

SARAH E. WATERMAN.

Subscribed and sworn to before me this 30th day of September, 1886.

GEO. C. BRAINERD,
Notary Public.

23 DEFENDANTS' EXHIBIT No. 1.

DEPARTMENT OF THE INTERIOR,
UNITED STATES PATENT OFFICE.

To all persons to whom these presents shall come, Greeting:

This is to certify that the annexed is a true copy from the records of this office of an instrument of writing executed by Lewis E. Waterman February 13, 1884, and recorded in Liber H 31, page 200. Said record has been carefully compared with the original and is a correct transcript thereof.

In testimony whereof I, M. V. Montgomery, Commissioner of Patents, have caused the seal of the Patent Office to be [SEAL.] affixed this 20th day of May, in the year of our Lord one thousand eight hundred and eighty-six, and of the Independence of the United States the one hundred and tenth.

M. V. MONTGOMERY,
Commissioner.

Whereas I, Lewis E. Waterman, of Brooklyn, in the county of Kings and State of New York, did obtain letters patent of the United States for a certain invention, being an improvement in fountain pens, which letters patent are numbered 293,545, and bear date the twelfth day of February, in the year one thousand eight hundred and eighty-four; and whereas Sarah E. Waterman, of the said city of Brooklyn, is desirous of acquiring the entire interest in the same:

Now, therefore, to all whom it may concern, be it known that for and in consideration of the sum of one dollar to me in hand paid, the receipt of which is hereby acknowledged, I, the said Lewis E. Waterman, do hereby sell, assign, transfer, and set over unto the said Sarah E. Waterman, her heirs and assigns, all the right,
24 title, and interest, claim or demand of any character or description whatsoever, legal or equitable, which I have in, to, under, or by virtue of the said invention and in, to, under, or by virtue of the letters patent therefor aforesaid, the same being the entire interest therein; to be held and enjoyed by the said assignee for her own use and behoof and for the use and behoof of her legal representatives to the full end of the term for which said letters patent are or may be granted, including any reissue, division, renewal, or extension thereof, as fully and entirely as the same would have been held and enjoyed by me had this assignment and sale not been made.

And I covenant to and with said assignee and her legal representatives as follows, to wit:

1. That I have full right to assign said invention and letters patent in manner and form as above written, and that the interest herein conveyed is free from all prior assignment, grant, mortgage, license, or other incumbrance whatever.

2. That no letters patent for the said invention have been applied for by or granted to me or my legal representatives or any other party, with my knowledge and consent, in any country other than the United States, bearing date prior to the date of the letters patent of the United States herein conveyed.

3. That I have done nothing and will do nothing to impair the title herein conveyed, but will at any and all times co-operate with said assignee in asserting, maintaining, and defending the same, said assignee defraying all costs and charges, including reasonable compensation for time spent in this behalf and all proper expenses thereby incurred.

4. That I will, whenever the legal counsel of said assignee or her legal representatives shall advise me that a reissue of said letters

patent is lawful and desirable, sign all lawful papers, make all rightful oaths or affirmations, and do all legal acts necessary
25 or expedient to the procurement of such reissue without charge to said assignee, but at her expense.

In testimony whereof I have hereunto set my hand and affixed my seal this thirteenth day of February, A. D. 1884.

LEWIS E. WATERMAN.

In presence of—
DAN'L W. EDGECOMB.

Recorded March 27, 1884.

DEFENDANTS' EXHIBIT No. 2.

DEPARTMENT OF THE INTERIOR,
UNITED STATES PATENT OFFICE.

To all persons to whom these presents shall come, Greeting:

This is to certify that the annexed is a true copy from the records of this office of an instrument of writing executed by Sarah E. Waterman November 25, 1884, and recorded in Liber W 32, page 224. Said record has been carefully compared with the original and is a correct transcript thereof.

In testimony whereof I, M. V. Montgomery, Commissioner of Patents, have caused the seal of the Patent Office to be
[SEAL.] affixed this 20th day of May, in the year of our Lord one thousand eight hundred and eighty-six, and of the Independence of the United States the one hundredth and tenth.

M. V. MONTGOMERY,
Commissioner.

26 Liber W 32, p. 224.

Mortgage Assignment.

Whereas Lewis E. Waterman, of Brooklyn, in the county of Kings and State of New York, did obtain two letters patent of the United States for a certain invention, which letters patent are numbered respectively 293,545, bearing date the 12th day of February, 1884, and 307,735, bearing date the 11th day of November, 1884, both of said patents being for improvements in fountain pens; and

Whereas Sarah E. Waterman, of the said city of Brooklyn, is the sole and entire owner of both said letters patent; and

Whereas the firm of Asa L. Shipman's Sons, of the city, county, and State of New York, is desirous of obtaining an interest in said letters patent:

Now, therefore, to all whom it may concern, be it known that for and in consideration of the sum of six thousand five hundred dollars to me in hand paid, the receipt of which is hereby acknowledged, I, the said Sarah E. Waterman, hereby sell, assign, transfer, and set over unto the said Asa L. Shipman's Sons, their successors and assigns, all the right, title, and interest, claim or demand of any character or description, legal or equitable, which I have in, to, under, or by virtue of the said invention and in, to, under, or by

virtue of the letters patent therefor aforesaid, the same being the entire interest in both said letters patent.

The consideration of this assignment is that—

Whereas the said Lewis E. Waterman and I, the said Sarah E. Waterman, have this 25th day of November, A. D. 1884, made a joint note of hand for the sum of six thousand five hundred dollars, payable to the said Asa L. Shipman's Sons three years from this date, with interest at six per cent. per annum:

Now, if this said Lewis E. Waterman and myself or either of us shall well and truly pay the said note according to its tenor,
27 then this assignment and transfer shall be null and void; otherwise to be and to remain in full force and effect.

To be held and enjoyed by the said assignees for their own use and behoof and for the use and behoof of their legal representatives, except as aforesaid, to the full end of the term for which said letters patent are or may be granted, including any reissue, division, renewal, or extension thereof, as fully and entirely as the same would have been held and enjoyed by me had this assignment and sale not been made; and I covenant to and with the said assignees and their legal representatives as follows, to wit:

That I have full right to assign said inventions and letters patent in manner and form as above written, and that the interest herein conveyed in said letters patent is free from all prior assignment, grant, mortgage, license, or other incumbrance whatever except a license to the said Lewis E. Waterman to manufacture and sell pens under both said letters patent.

In witness whereof I hereunto set my hand and seal this twenty-fifth day of November, A. D. 1884.

SARAH E. WATERMAN.

Witness:

ALFRED WILLIAMS.

Recorded Nov. 29, 1884.

DEFENDANTS' EXHIBIT No. 3.

DEPARTMENT OF THE INTERIOR,
UNITED STATES PATENT OFFICE.

To all persons to whom these presents shall come, Greeting:

This is to certify that the annexed is a true copy from the records of this office of an instrument of writing executed by Asa L. Shipman's Sons, James D. Shipman, and Edward L. Shipman November 25, 1884, and recorded in Liber A 31, page 454. Said
28 record has been carefully compared with the original and is a correct transcript thereof.

In testimony whereof I, M. V. Montgomery, Commissioner of Patents, have caused the seal of the Patent Office to be
[SEAL.] affixed this 20th day of May, in the year of our Lord one thousand eight hundred and eighty-six, and of the Independence of the United States the one hundredth and tenth.

M. V. MONTGOMERY,
Commissioner.

Liber A 31, page 454.

Assignment.

Whereas Lewis E. Waterman, of Brooklyn, in the county of Kings and State of New York, did obtain two letters patent of the United States, numbered respectively 293,545, bearing date the twelfth day of February, one thousand eight hundred and eighty-four, and 307,735, bearing date the fourth day of November, one thousand eight hundred and eighty-four, both of said patents being for inventions for improvements in fountain pens; and whereas the said Lewis E. Waterman subsequently assigned all his right, title, and interest in and to the said improvements and said letters patent to one Sarah E. Waterman; and whereas the said Sarah E. Waterman subsequently, namely, on or about the twenty-fifth day of November, one thousand eight hundred and eighty-four, by instrument in writing, dated on that day and recorded November twenty-ninth, one thousand eight hundred and eighty-four, in the office of the Commissioner of Patents, in Liber W 32, page 224, of Transfers of Patents, assigned unto Asa. L. Shipman's Sons all her right, title, and interest in and to the said inventions and letters patent, conditionally, as by reference to said assignment will more fully and at large appear;
29 and whereas the said Lewis E. Waterman and Sarah E. Waterman, on said twenty-fifth day of November, one thousand eight hundred and eighty-four, made and delivered to said Asa L. Shipman's Sons their certain promissory note, dated on that day, for the sum of six thousand five hundred dollars, payable to the said Asa L. Shipman's Sons three years from date, with interest at six per cent. per annum; and whereas the said assignment of said patents from said Sarah E. Waterman to Asa L. Shipman's Sons is to be null and void if said promissory note shall be paid according to its tenure, otherwise to be and remain in full force and effect; and whereas one Asa L. Shipman, of the city, county, and State of New York, is desirous of purchasing our entire interest in the said improvements and letters patent therefor and in the said promissory note:

Now, this indenture witnesseth: That for and in consideration of the sum of six thousand five hundred dollars to us in hand paid, the receipt of which we acknowledged, we do hereby sell, assign, and transfer unto the said Asa L. Shipman all our right, title, and interest in and to the said improvements and letters patent therefor, together with the said promissory note, the same to be held and enjoyed by the said Asa L. Shipman for his own use and behoof, and for the use and behoof of his legal representatives, except as aforesaid, to the full end of the term for which said letters patent are or may be granted, including any reissue, division, renewal, or extension thereof, as fully and entirely as the same would have been held and enjoyed by us had this assignment and sale not been made.

In witness whereof we have hereunto set our hands and seals this

twenty-fifth day of November, one thousand eight hundred and eighty-four.

ASA L. SHIPMAN'S SONS.
JAS. D. SHIPMAN. [SEAL.]
EDWARD L. SHIPMAN. [SEAL.]

Sealed and delivered in the presence of—
WILLIAM D. PECK.

Recorded Dec. 29, 1884.

30 COMPLAINANT'S EXHIBIT A.

License Agreement.

Whereas Sarah E. Waterman, of Brooklyn, in the county of Kings and State of New York, is the sole and entire owner of two certain letters patent of the United States, which were granted to Lewis E. Waterman, of said Brooklyn, which letters patent are for improvements in fountain pens, and are numbered respectively 293,545, bearing date the 12th day of February, 1884, and 307,735, bearing date the 11th day of November, 1884; and

Whereas the said Lewis E. Waterman is desirous of acquiring the sole and exclusive right and license to manufacture and sell fountain pens containing the said patented improvement:

Now, therefore, the said parties have agreed as follows:

First. The said Sarah E. Waterman hereby grants to the said Lewis E. Waterman, doing business under the name and style of "The Ideal Pen Company," the sole and exclusive right and license to manufacture and sell fountain pen-holders containing the said patented improvement throughout the United States.

Second. The said Lewis E. Waterman agrees to make full and true returns to the said Sarah E. on the first day of every month of all fountain pen-holders containing the said patented improvement manufactured by him.

Third. The said Lewis E. agrees to pay to the said Sarah E. the sum of twenty-five cents as a license fee upon every fountain pen-holder so manufactured by him, on or before the 5th day of every month, for the holders manufactured during the preceding month.

Fourth. Upon a failure to make returns after thirty
31 days, or to make payment of the license fees, as above, after ninety days from the times when such returns and payments are due, then the said Sarah E. may terminate this license by serving a written notice upon the said licensee; but that will not discharge him from any liability for any license fees due when such notice was given.

In witness whereof the parties above-named have hereunto set their hands this 20th day of November, A. D. 1884.

SARAH E. WATERMAN.
LEWIS E. WATERMAN.

STATE OF NEW YORK, }
City and County of New York. }

On this 15th day of April, 1886, before me personally came Sarah E. Waterman and Lewis E. Waterman, to me personally known and known to me to be the persons described in and who executed the foregoing instrument, and severally acknowledged to me that they executed the same.

W. S. LOGAN,
Notary Public, Kings County.

Certificate filed in New York county.

COMPLAINANT'S EXHIBIT B.

Whereas Lewis E. Waterman, of Brooklyn, in the county of Kings and State of New York, did obtain letters patent of the United States for a certain invention, being an improvement in fountain pens, which letters patent are numbered 293,545 and bear date the 12th day of February, 1884;

32 And whereas the same was subsequently assigned by said Lewis E. Waterman to Sarah E. Waterman, of the same place; and whereas the said Lewis E. Waterman is desirous of re-acquiring the entire interest in the same and all claims and causes of action for the infringement thereof:

Now, therefore, to all whom it may concern, be it known that for and in consideration of a valuable sum of money and other considerations to me in hand paid, the receipt of which is hereby acknowledged, I, the said Sarah E. Waterman, do hereby sell, assign, transfer, and set over unto the said Lewis E. Waterman all the right, title, and interest, claim or demand of any character or description whatsoever, legal or equitable, which I, the said Sarah E. Waterman, have in, to, or under or by virtue of said invention or improvement and in, to, under, or by virtue of the said letters patent therefor aforesaid; and also all claims, debts, dues, demands, or causes of action which I have for the infringement of said letters patent or for the unauthorized use of said invention or improvement, and all my right to damages or profits by reason thereof.

To be held and enjoyed by the said Lewis E. Waterman, his representatives and assigns, for his and their own proper use, benefit, and behoof, for the full end and term for which said letters patent are or may be granted, fully and entirely.

In testimony whereof I have hereunto set my hand and affixed my seal, at the city of Brooklyn, county of Kings, and State of New York, this 16th day of April, 1886.

SARAH E. WATERMAN. [L. S.]

CITY AND COUNTY OF NEW YORK, } ss:
Southern District of New York, }

On this 15th day of April, 1886, before me personally came Sarah E. Waterman, to me personally known and known to me to
33 be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same.

W. S. LOGAN,
Notary Public, Kings and New York Counties.

Received for record April 22d, 1886, and recorded in Liber P 34, page 241, of Transfer of Patents.

In testimony whereof I have caused the seal of the Patent Office to be hereunto affixed.

M. V. MONTGOMERY,
[L. S.] *Commissioner of Patents.*

Exd.: F. C. T.

(10635.)

34 At a stated term of the circuit court of the United States of America for the southern district of New York, in the second circuit, held at the United States court-rooms, in the city of New York, on Tuesday, the twenty-sixth day of October, in the year of our Lord one thousand eight hundred and eighty-six.

Present: The Honorable Alfred C. Coxe, judge.

LEWIS E. WATERMAN
vs.
JAMES R. MACKENZIE *et al.* } (Eq. Cal., Oct. T., '86.)

The above cause coming on this day for argument on plea to the bill, Mr. Philip J. O'Reilly is heard in support of plea.

Mr. W. S. Logan is heard in behalf of complainant.

C. A. V.

35 Circuit Court of the United States for the Southern District of New York.

WATERMAN
v.
MACKENZIE and Another. } In Equity.

The bill, based upon letters patent No. 293,545, was filed April 24th, 1886. In July, 1886, the defendants filed a plea alleging that the complainant when he commenced the action did not hold the legal title to the patent. Issue was joined on the plea. It appears from the record that on the thirteenth of February, 1884, the complainant assigned the patent to Sarah E. Waterman. On the twentieth of November, 1884, Sarah E. Waterman granted to the complainant a license to manufacture and sell the patented article. On

the twenty-fifth of November, 1884, she assigned the patent
36 to Asa L. Shipman's Sons, and on the same day they transferred it to Asa L. Shipman. On the sixteenth of April, 1886, Sarah E. Waterman assigned to the complainant all her right, title, and interest in and to the patent. The assignment to Asa L. Shipman's Sons contains the following language: "I hereby sell, assign, transfer, and set over unto the said Asa L. Shipman's Sons, their successors and assigns, all the right, title, and interest, claim or demand of any character or description, legal or equitable, which I have in, to, under, or by virtue of the said invention and in, to, under, or by virtue of the letters patent therefor aforesaid, the same being the entire interest in said letters patent."

It then recites that complainant and Sarah E. Waterman
37 have made a joint note for $6,500, payable in three years, and provides as follows:

"If the said Lewis E. Waterman and myself or either of us shall well and truly pay the said note according to its tenor, then this assignment and transfer shall be null and void; otherwise to be and to remain in full force and effect."

Walter S. Logan, for complainant; Philip J. O'Reilly, for defendants.

COXE, *J.:*

I have carefully examined the additional suggestions sent me by counsel and see no reason to change the opinion expressed at the argument. To what was then said but a word need be added. The transfer to Asa L. Shipman is in language so emphatic and exact that there is little opportunity for misapprehension. It mat-
38 ters not what the instrument is called. It matters not that it may be defeated by the payment of $6,500 on the twenty-fifth of November, 1887. The fact remains that by virtue of this assignment or mortgage the title to the patent was, on the twenty-fourth of April, 1886, when this action was commenced, outstanding in Asa L. Shipman. If it was not absolute it was a present, existing title, defeasible upon a condition subsequent. On the sixteenth of April, therefore, when Sarah E. Waterman assigned all her right, title, and interest to the complainant, she had nothing to assign which could at all change the legal status of the parties. She could not vest a clear title *to* the complainant for the obvious reason that she had previously disposed of it and did not own it. The
39 agreement of the twentieth of November, 1884, being a license and nothing more, does not enable the complainant to maintain this action without joining the holder of the legal title. The suggestion that, irrespective of the Shipment assignment, the complainant is entitled to prosecute for infringements alleged to have occurred between February 12th and November 25, 1884, is equally unavailing; for, assuming such a right of action to exist, it could only be maintained on the law and not in the equity side of the court.

The plea is allowed. The complainant may amend, upon payment of costs, within ten days.

Endorsed: U. S. circuit court, southern district of New York. Decision, U. S. circuit court. Filed Dec. 22, 1886. Timothy Griffith, clerk.

40 At a term of the circuit court of the United States held in and for the southern district of New York on the 21st day of December, 1886.

Present: The Honorable Alfred C. Coxe, acting circuit judge.

LEWIS E. WATERMAN
v.
JAMES A. MACKENZIE & SAMUEL R. MURPHY.

This case having come on for hearing upon the issue joined by the plea and replication and the proofs taken in support thereof, now, after hearing Walter S. Logan for the complainant and Philip J. O'Reilly for the defendants, it is ordered that the plea be, and the same is hereby, allowed with costs. The complain-
41 ant has leave on payment of costs to file an amended bill within ten days after service upon him or his solicitor of a copy of this order.

ALFRED C. COXE.

(Endorsed:) United States circuit court, southern district of New York. Lewis E. Waterman *vs.* James A. Mackenzie *et al.* Order. U. S. circuit court. Filed Dec. 22d, 1886. Timothy Griffith, clerk.

41½ At a stated term of the circuit court of the United States held in & for the southern district of New York, on the 21st day of December, 1886.

Present: The Honorable Alfred C. Coxe, acting circuit judge.

LEWIS E. WATERMAN
vs.
JAMES A. MACKENZIE & SAMUEL R. MURPHY.

This cause having come on for hearing upon the issue joined by the plea and replication and the proofs taken in support thereof, now, after hearing Walter S. Logan for the complainant and Philip J. O'Reilly for the defendants, it is ordered that the plea be, and the same is hereby, allowed, with costs. The complainant has leave on payment of costs to file an amended bill within ten days after service upon him or his solicitor of a copy of this order.

(Signed) ALFRED C. COXE.

A copy.
[SEAL.] TIMOTHY GRIFFITH, *Clerk.*

41¾ (Endorsed:) U. S. circuit court, southern dist. N. Y. In equity. Lewis E. Waterman *vs.* James A. Mackenzie *et al.* Certified copy order.

SIR: Please take notice that within is a certified copy of an order duly granted in the above-entitled suit on the 21st day of December, 1886.

Dated Dec. 23d, 1886.

Yours, &c., PHILIP J. O'REILLY,
Def'ts' Sol'r.

To W. S. Logan, Esq., comp't's sol'r.

Service of a certified copy of the within copy — order and of a notice of which the above is a copy *is* hereby admitted this 23d day of Dec., 1886.

W. S. LOGAN,
Compl't's Sol'r.

U. S. circuit court. Filed Jan. 19, 1887. Timothy Griffith, clerk.

42 At a stated term of the circuit court of the United States for the southern district of New York, held at the court-rooms thereof, in the city of New York, in said district, on Wednesday, the 2d day of February, in the year of our Lord one thousand eight hundred and eighty-seven.

Present: Hon. Alfred C. Coxe, acting circuit judge.

LEWIS E. WATERMAN, Complainant,
v.
JAMES A. MACKENZIE and SAMUEL R. MURPHY, Defendants. } In Equity.

An order having been made in this cause on the 21st day of December, 1886, allowing the plea of the defendants to the bill of complaint therein and giving the complainant leave on payment
43 of costs to file an amended bill therein within ten days after service upon him or his solicitor of a copy of said order, and a copy of said order having been served on said solicitor on the 23d day of December, 1886, and more than ten days having elapsed since such service of said order, and the complainant having failed to file an amended bill of complaint, as by said order permitted, it is now, on motion of Philip J. O'Reilly, counsel for the defendants, ordered, adjudged, and decreed that the complainant's bill of complaint in this cause be, and the same is hereby, dismissed, and that the defendants recover from the complainant ninety-seven $\frac{41}{100}$ dollars, their taxed costs in the cause, and that they have execution therefor.

ALFRED C. COXE.

44 (Endorsed:) U. S. circuit court, southern dist. N. Y. In equity. Lewis E. Waterman *vs.* James A. Mackenzie *et al.* Decree. The within notice is approved as to form. W. S. Logan, compl't's sol'r. U. S. circuit court. Filed Feb'y 2, 1887. Timothy Griffith, clerk.

45 United States Circuit Court, Southern District of New York.

LEWIS E. WATERMAN, Complainant & Appellant,
against
JAMES A. MACKENZIE and SAMUEL R. MURPHY, Defendants & Appellees.

To the honorable the Supreme Court of the United States:

The appeal of Lewis E. Waterman, the above-named complainant and appellant, respectfully showeth—

That on or about the 24th day of April, 1886, the above-named complainant filed his bill in the circuit court of the United States for the southern district of New York against the above-named defendants and appellees, setting out that the said complainant was the original and first inventor of a certain improvement in fountain pens; that on February 12th, 1884, letters patent of the United States were granted to him for said improvement in fountain pens, dated on that day and numbered 293,545; that he was at the time of filing said bill of complaint the sole and exclusive owner of said letters patent and all the rights and privileges granted thereby;

46 that the defendants had, without his license and against his will, made, used, and allowed others to use the said patented invention since the granting of said patent, to his great loss and their great profit; and praying that the said defendants be enjoined from using the said patented invention and be required to account to the complainant for their profits therefrom.

That on or about July 5th, 1886, the defendants above named filed their joint and several plea to the said bill, setting out that at the time of filing his bill the complainant was not the owner of said letters patent; that on February 13th, 1884, the said complainant assigned his entire interest in the said letters patent to Sarah E. Waterman; that on November 25th, 1884, the said Sarah E. Waterman assigned the entire interest in the same to Asa L. Shipman's Sons, and that on November 25th, 1884, the said Asa L. Shipman's Sons assigned the entire interest in the same to Asa L. Shipman, who continued thereafter in possession of the same; and praying for a dismissal with costs.

That on or about July 6th, 1886, the complainant filed his replication to said plea, setting forth that the allegations of the bill were true and the allegations of the plea untrue.

That thereupon testimony was taken upon the issue thereby raised.

That on or about the 27th day of October, 1886, the cause

47 came on for hearing before the Honorable Alfred C. Coxe, acting circuit judge, and was argued by counsel for the respective parties upon the pleadings and evidence.

That on or about December 21st, 1886, a decision was made thereupon, and an order was entered in the said cause in the following words:

"Ordered, That the plea be, and the same is hereby, allowed with costs. The complainant has leave, on payment of costs, to file an

amended bill within ten days after service upon his or his solicitor of a copy of this order."

And that on or about the 2nd day of February, 1887, the complainant having failed to amend under said order, a decree was rendered and entered in the said circuit court in the said cause in the following words:

"Ordered, adjudged, and decreed that the complainant's bill of complaint in this cause be, and the same is hereby, dismissed, and that the defendants recover from the complainant ninety-seven and $\frac{41}{100}$ dollars, their taxed costs in the cause, and that they have execution therefor."

Wherefore this appellant appeals from the whole of said decree of said circuit court of the United States, and respectfully prays that the decree of the said circuit court and the bill, plea, replication, pleadings, depositions, evidence, and proceedings in the said cause may be sent to the Supreme Court of the United States without delay, and that the said Supreme Court will proceed to
48 hear the said cause anew, and that the said decree of the circuit court and every part thereof may be reversed, and such other decree made as shall seem just.

Dated February 11th, 1887.

LEWIS E. WATERMAN.

W. S. LOGAN,
Solicitor for Complainant & Appellant.

The above appeal is hereby allowed.

HOYT H. WHEELER.

49 Circuit Court of the United States of America for the Southern District of New York, in the Second Circuit.

LEWIS E. WATERMAN, Appellant and Complainant,
vs.
JAMES A. MACKENZIE and SAMUEL R. MURPHY, Appellees and Respondents.

Bond for Damages and Costs.

Know all men by these presents that we, Lewis E. Waterman, as principal, and Leroy W. Fairchild and Edward T. Howard, as sureties, are held and firmly bound unto the above-named James A. Mackenzie and Samuel R. Murphy in the sum of one hundred ninety-four and $\frac{82}{100}$ dollars, to be paid to the said appellees; for the payment of which, well and truly to be made, we bind ourselves and each of us, our and each of our heirs, executors, and administrators, jointly and severally, firmly by these presents.

Sealed with our seals and dated the 11th day of February, in the year of our Lord one thousand eight hundred and eighty-seven.

Whereas the above-named Lewis E. Waterman has prosecuted an appeal to the Supreme Court of the United States to reverse the decree rendered in the above-entitled suit by the judge of the circuit court of the United States for the southern district of New York:

Now, therefore, the condition of this obligation is such that if the above-named Lewis E. Waterman shall prosecute his appeal to effect and answer all damages and costs if he shall fail to make his plea good, then this obligation shall be void; otherwise the same shall be and remain in full force and virtue.

LEWIS E. WATERMAN. [L. S.]
LEROY W. FAIRCHILD. [L. S.]
EDW. T. HOWARD. [L. S.]

Sealed and delivered and taken and acknowledged this 11th day of February, 1887, before me—

JOHN A. SHIELDS,
U. S. Comm'r.

50 UNITED STATES OF AMERICA, } ss:
Southern District of New York, }

Leroy W. Fairchild and Edward T. Howard—the former of 18 John street, New York city, and the latter of No. 26 Orange street, Brooklyn, N. Y.—being duly sworn, depose and say each for himself that he is worth the sum of four hundred dollars over and above all his just debts and liabilities.

LEROY W. FAIRCHILD.
EDW. T. HOWARD.

Sworn to this 11th day of February, A. D. 1887, before me—
JOHN A. SHIELDS,
U. S. Comm'r, S. D. of N. Y.

(Endorsed:) Vol. —, page —. U. S. circuit court. Lewis E. Waterman *vs.* James A. Mackenzie *et al.* Bond for damages & costs on appeal to Supreme Court. W. S. Logan, app'l't's proctor, 54 William St., N. Y. city. Approved as to form and sureties. Hoyt H. Wheeler. Filed this — day of ——, 18—. U. S. circuit court. Filed Feb. 12, 1887. Timothy Griffith, clerk.

51 By the Honorable Hoyt H. Wheeler, one of the judges of the circuit court of the United States for the southern district of New York.

UNITED STATES OF AMERICA, *ss:*

To James A. Mackenzie and Samuel R. Murphy:

You are hereby cited to appear before the Supreme Court of the United States, at the city of Washington, District of Columbia, on the 2nd Monday of October next, pursuant to an appeal filed in the clerk's office of the circuit court of the southern district of New York, in said city of New York, wherein Lewis E. Waterman is appellant and you are appellees, to show cause, if any, why the decree in said appeal set forth should not be corrected and speedy justice done to the parties in that behalf.

Given under my hand, at the city of New York, in the southern district of New York, on the 12th day of February, 1887.

HOYT H. WHEELER.

(Endorsed:) Circuit court U. S., southern district of New York. Lewis E. Waterman *v.* James A. Mackenzie *et al.* Peti-
52 tion of appeal and citation. W. S. Logan, att'y for plaintiff, 54 William St., New York city. Due and timely service of a copy of the within appeal and citation is hereby admitted Feb'y 14, 1887. Philip J. O'Reilly, def'ts' sol'r. U. S. circuit court. Filed Feb'y 14, 1887. Timothy Griffith, clerk.

53 UNITED STATES OF AMERICA, } *ss:*
Southern District of New York, }

Seal of U. S. Circuit Court, South. Dist. New York.

I, Timothy Griffith, clerk of the circuit court of the United States of America for the southern district of New York, in the second circuit, do hereby certify that the foregoing pages, numbered from one to fifty-two, inclusive, contain a true and complete transcript of the record and proceedings had in said court in the case of Lewis E. Waterman, complainant & appellant, against James A. Mackenzie & Samuel R. Murphy, defendants & appellees, as the same remain of record and on file in said office.

In testimony whereof I have caused the seal of the said court to be hereunto affixed, at the city of New York, in the southern district of New York, in the second circuit, this sixteenth day of August, in the year of our Lord one thousand eight hundred and eighty-seven, and of the Independence of the said United States the one hundred and twelfth.

TIMOTHY GRIFFITH, *Clerk.*

Endorsed on cover: S. New York C. C. U. S. No. 376. Lewis E. Waterman, appellant, *vs.* James A. Mackenzie and Samuel R. Murphy. Filed August 20th, 1887.

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CLERK

Supreme Court

OF THE UNITED STATES.

LEWIS E. WATERMAN, *Complainant and Appellant,* *against* JAMES R. MACKENZIE and SAMUEL R. MURPHY, *Defendants.*	No. 82, October Term, 1890. (No. 376, October Term, 1889).

APPELLANT'S BRIEF.

Statement of the Case.

This is an equity suit by the complainant, as the owner of certain letters patent, against an infringer thereof. The bill of complaint was the usual bill in patent suits, setting forth that the patent was granted to the complainant, that he was the sole and exclusive owner thereof, and that the defendants have infringed the same; and asking for an injunction and account of profits. The defendants filed a

et up that the complainant had nd all interest therein to Sarah Sarah E. Waterman had assigned the same to the firm of Asa L. Shipman's Sons, and that the firm of Asa L. Shipman's Sons had assigned the same to Asa L. Shipman, individually, all prior to the commencement of the suit; and that at the commencement of the suit Asa L. Shipman was the owner of the patent and the only person entitled to maintain the suit. The complainant filed a replication thereto; testimony was taken thereunder; and the judgment of this Court below allowed the plea, upon the ground that Asa L. Shipman should have been joined as a party complainant. The complainant appeals to this Court from such judgment.

The proof shows as follows:

(1). That the patent was issued to the complainant on February 12th, 1884;

(2). That on February 13th, 1884, the complainant assigned the entire patent to Sarah E. Waterman (Defendants' Exhibit No. 1, page 12);

(3). That on November 20th, 1884, Sarah E. Waterman granted to the complainant "the sole and exclusive right and license to manufacture and sell fountain penholders, containing the said patented improvement, throughout the United States" (Complainant's Exhibit A, page 17);

(4). That on November 25th, 1884, Sarah E. Waterman made a mortgage of the patent (subject to the exclusive license previously given to Mr. Waterman) to Asa L. Shipman's Sons, which they afterwards assigned to Asa L. Shipman (Defendants' Exhibits 2 and 3, pages 14 and 15).

This mortgage assignment by Sarah E. Waterman to Asa L. Shipman's Sons recites that:

"The consideration of this assignment is, that whereas the said Lewis E. Waterman and the said Sarah E. Waterman have, on this 25th day of November, 1884, made a joint note of hand for the sum of $6,500, payable to the said Asa L. Shipman's Sons three years from this date, with interest at 6 per cent.; now, if the said Lewis E. Waterman and myself, or either of us, shall well and truly pay the said note, according to its tenor, then this assignment and transfer shall be null and void, otherwise to be and remain in full force and effect."

It also recites that the title is clear of any incumbrance "except a license to the said Lewis E. Waterman to manufacture and sell pens under both said letters patent," and that is the license set forth as Complainant's Exhibit A.

(5). That on April 16th, 1886, Sarah E. Waterman conveyed to the complainant, Lewis E. Waterman, "all the right, title and interest which she had in the invention or in the letters patent granted therefor;" and also "all claims, debts, dues, demands or causes of action" which she had for infringement of said letters patent or for the unauthorized use of said invention or improvement, and also her rights, advantages or profits by reason thereof" (Complainant's Exhibit B, page 18).

(6). The bill of complaint in the action was filed April 24th, 1886, and alleged a continued infringement of the patent by the defendants.

The Court below allowed the plea and dismissed the complainant's bill, upon the ground that the mortgage transferred the legal title, and that, therefore, as mortgagor, the complainant had no title which entitled him to sue; and that, as a licensee, the complainant could not sue without joining Shipman, the mortgagee.

The reasons for which I consider the Court below erred in its decision are:

(1). That the complainant, as mortgagor, had the sole right to sue infringers; and

(2). That whether this was so or not, the Court below erred in allowing the plea, for the reason that the plea was unsupported by proof; the Court giving judgment upon a defense not raised by the plea.

POINTS.

I.

The proof failed to support the plea; and the Court below should therefore have overruled instead of allowing it.

The plea in this case is the one called in the books a plea "that the plaintiff does not sustain the character he assumes;" the defense adjudged to exist is "want of parties."

The plea in this case is a plea to the person, viz., that the complainant Waterman did not own the patent at the commencement of the action, but that Asa L. Shipman was the owner, and therefore that Shipman and not Waterman was the proper party to sue. On the other hand, the proof shows (so far as it goes), and the Court has adjudged, that the complainant had a right to sue jointly with Shipman. In other words, the Court held that the defense set forth was not proven; but gave judgment against the complainant because another distinct defense was proven, as it thinks.

It is, of course, only fundamental justice and practice that the proof and judgment must be confined to the issues raised by the plea. The very purpose of the plea, as distinct from an answer, is to con-

fine the parties and theCourt to the single issue raised thereby, in order to save time and expense for all parties. It is in accordance with this principle that only a single defense is ever allowed in a plea.

In subdividing pleas according to their character we find four different kinds, viz., (1). Pleas to the jurisdiction; (2). Pleas to the person; (3). Pleas to the bill; and (4). Pleas in bar. The first kind attacks the jurisdiction of the Court; the second states that the plaintiff does not sustain the character he assumes, and therefore is not the person to sue; the third states that while there is a cause of action and the plaintiff is the party entitled to sue on it, there is some equitable reason why the action as it stands is defective to answer the purpose of complete justice; and the fourth alleges some fact overthrowing the cause of action itself.

1 Daniell's Chancery, 5th Edit., pp. 627, 630.

In this action we are not concerned with the first and fourth classes, namely, pleas to the jurisdiction and pleas in bar.

The distinction between the other two classes, namely, pleas to the person and pleas to the bill, is formal and wide; they are suited to separate and entirely distinct circumstances, and have entirely distinct functions. The former, "pleas to the person" without disputing the validity of the rights involved in the suit, do object to the plaintiff's ability to sue; such as, pleas that the plaintiff is a fictitious person, or an outlaw, or an alien, or a married woman, or is not the executor that he alleges himself to be, or that the alleged intestate is still alive, or any other like fact which, without disputing that some one has the right to sue, sets up that the plaintiff is not that person. Any plea which sets up that the title under which the plaintiff claims has been transferred falls within this class. Thus Daniell (page 630) says:

> "The plea may either deny the existence of the person in whose behalf the bill has been exhibited or the character in which the plaintiff affects to sue; or it may show that from some reason not disclosed in the bill the title under which the plaintiff claims never vested in him. * * * Upon the same principle, if from any circumstances not stated in the bill it can be shown that nothing ever vested in the plaintiff, *or that the title which the plaintiff had has been transferred to another*, the defendant may show the circumstances by way of plea."

But, on the other hand, a plea of want of parties is an entirely distinct kind, falling within "pleas to the bill." 2 Daniell gives as one example of pleas to the bill the plea of another suit pending, and then adds (page 658):

> "A plea which offers any matter tending to show that the bill, as framed, is insufficient to answer the purpose of complete justice must, it is evident, be ranked among pleas to the bill; as it does not in general dispute the right of the plaintiff, as stated in the record, but merely offers a reason why the suit should not proceed as framed. * * * The only reported cases of pleas of this description are where the objection arises from *want of sufficient parties* to the bill."

Now it is evident in this case that the plea in the action falls within the class of pleas to the person; and that the defense which the Court below finds, if a defense at all, falls within the class of "want of parties," under the class "pleas to the bill."

The facts set up as a bar in the plea are that the complainant, prior to the commencement of the action, "*Sold, assigned, transferred and set over to Sarah E. Waterman * * * the alleged invention described and specified in said letters patent, and*

also the said letters patent and the entire interest in said alleged invention and letters patent;" and the plea then goes on to allege that "*the entire interest in said alleged invention and letters patent*" *was sold, assigned, transferred and set over to Asa L. Shipman's Sons, and by them to Asa L. Shipman individually;* "*and that the said Asa L. Shipman continued to be possessed of said alleged invention and letters patent and the entire interest in said alleged invention and letters patent*" up to the time of the filing of the bill in this case (p. 5 of Record). The defense pleaded is, therefore, that the complainant did not sustain the character he alleged himself to sustain, namely, sole owner of the patent and the only party entitled to sue; and as the plea was undoubtedly good as such, the complainant, therefore, properly took issue by filing his replication.

But the Court below distinctly refuses to hold that the complainant is not entitled to sue, for it grants him leave to amend his bill and also states that he is entitled to sue with Shipman, the mortgagee (page 20 of Record).

So, also, the proof supported the replication and not the plea, by showing that Sarah E. Waterman, instead of assigning the "entire interest" to the Shipmans, only made a mortgage to them; and also showing that she had, prior to the mortgage, conveyed away to the complainant an exclusive right to manufacture and sell. In other words, the plea is that Waterman had no interest in the patent whatever; but the proof shows him to have had two distinct interests, viz., an exclusive license superior to the mortgage, and the entire reversionary ownership of the patent, subject to the mortgage; either of which entitled him to sue infringers, at least on joining Shipman.

Admitting, for sake of argument, that Waterman, as reversionary owner of the patent, or as exclusive licensee, or as both, was not entitled to

sue infringers without joining the mortgagee, Shipman; the Court below had no authority to so adjudge upon this plea. The only way in which the defendants could have presented that point was by a plea setting up want of parties. There is nothing whatever in this plea indicating that its ground was want of parties, the sole ground being that Waterman had no interest in the patent, or, as the plea puts it, "*That such complainant was not, at the time of the filing of said bill of complaint, possessed of either the letters patent* * * *or an exclusive right, under such letters patent, to the whole or any specified part of the United States, for that the said complainant, after the granting of the said letters patent,* * * * *sold, assigned, &c.*" (pages 4 and 5 of Record).

I need not spend any time in contending before this Court that it would be wholly irregular and extremely unjust to transmute a plea to the person into a plea of want of parties. We modeled our case and our proof to the plea and the defense put in; the Court below adjudged that that defense did not exist, but overthrew us upon a defense which was not set up, and which we did not consider. I do not know what course the case would have taken on such a defense, if our attention had been called to it in any way. Who can say what equitable facts may not have existed, which we would have proven if the allegation in the plea had been that Shipman was a necessary party to the action; instead of that, Waterman had no interest in the patent. It is entirely supposable that, had such a plea been put in, the complainant could have amended, at that time, by joining Shipman, and would have done so. However, the Court need not speculate as to whether the complainant has been injured or not. The rule is plain and fundamental and decisive of this appeal, that the case must stand or fall by the plea as it stands.

II.

The complainant, as mortgagor, has the sole right to sue infringers; in other words, a mortgage, appearing as such on its face, does not, until breach of condition, convey such a title as to deprive the mortgagor of his right to manage the property, including the right to sue infringers as the sole complainant.

I have searched the books with care, but find no decision directly upon this point in any Court, except the one in this case. The question seems to be entirely new. That it is likely to arise frequently in the future there is no doubt, and it is, therefore, very desirable that this Court should settle it upon firm, just and logical grounds.

The Court below holds that a mortgagor under such an instrument as is in this case is not only not a necessary, but not even a proper party to the suit. The ground is quite technical, namely, that the mortgage conveys a complete legal title. On the contrary, I respectfully submit that the intention of the parties, as well as the general analogy of the law and the plain requirements of justice, must lead to the conclusion that under such an instrument the mortgagor retains all his rights as to third parties until condition broken, substantially as in a real estate mortgage.

The Court below, in its decision, seems to lay great stress upon the form of words used. This, however, is merely the form used in a mortgage of real estate, viz., a conveyance in words with a proviso defeating it under certain circumstances. The true rule, however, is to look to the real intention of the instrument and the parties. But if we are to look at it in a technical light, it may well be argued that this instrument does not fall within the statute (Rev. Stat., § 4898), and hence is not an instrument affecting the title. The statute only provides for the assignment of the patent, or an

undivided interest therein, or of a sectional right, so as to give the assignee a right of action against infringers. It may well be doubted whether an assignment, which upon its face is as security merely, and which is to be void *ab initio* if the debt is duly paid, is such an assignment as the statute contemplates.

But aside from that question, the character of a patent as property is so peculiar, especially with reference to the right to sue infringers, that it is of little use to discuss whether this instrument, looking at these words alone, is a pledge, or a chattel mortgage, or a conditional sale, or an agreement by which in a certain event the creditor may obtain a complete title to the patent by foreclosure. It seems to me that it certainly comes nearer to the idea of a pledge, or of an agreement by which the mortgagee is to obtain a title in the future if it is not paid, than to any kind of a present conditional sale. Its idea is not sale, but security merely. It looks to the future entirely. It carries no present right or interest to the mortgagee.

But the best indication of the character of such instrument lies in the intention of the parties. As is said in one of the text books:

> "On account of these different consequences arising from regarding the transaction a pledge or a mortgage, Courts have sometimes, in cases of doubt, leaned towards regarding it a pledge rather than a mortgage. For this reason contracts not distinguishable in terms have sometimes been construed as mortgages and sometimes as pledges, according as the Court has deemed that the intention of the parties would be best effectuated, and the purposes of justice best subserved."
>
> Jones on Chattel Mortgages, page 7.

There seems to be no reason for attributing to the mortgagor and the mortgag e of a patent an intention to transfer the legal title prior to a breach of the condition. The legal title in this sense means the sole right to make, use and vend the patented

article, and to license others to do the same. An intention to transfer all this, so as to deprive the mortgagor of these rights, would certainly be against all natural presumption. So, as to infringers, the conveyance of the right to sue infringers really conveys all interest in the patent, the entire beneficial interest, for it is the thing which gives value to the patent. The presumption always is, in cases of security, to leave the possession, the beneficial use, in the mortgagor until foreclosure; and the right to decide whether infringers shall be sued or not in the most valuable part of possession or use.

Again, if the whole legal title is conveyed by a mortgage, it can only be reconveyed by a written reconveyance; and that is something we cannot suppose the parties intended. The logic of the decision of the Court below would destroy the distinction between a mortgage and a grant, and virtually strike out the defeasance clause of the mortgage.

No doubt a mortgage might be considered a conveyance of title in some respects; *e. g.*, so far as the recording laws are concerned; but there is no reason why it should go any further. The mortgagee has all the rights any mortgagee of real estate has; and third parties, such as infringers, purchasers, licensees, etc., are notified by its very form to whom they must look. The theory of the Court below would lead to great inconvenience; would make such mortgages practically impossible, for by it the mortgagor would surrender all right to work the patent, or manage it, or do anything whatever with it to make it valuable.

III.

It is respectfully submitted that the cause should be remanded, with instructions to overrule the plea.

W. S. LOGAN,
Counsel for Complainant.